Black Cat Syndicate Limited

ABN 63 620 896 282

Interim Consolidated Financial Report

For the Half-Year Ended
31 December 2022

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Directors' Report

The Directors present their interim consolidated report of Black Cat Syndicate Limited (**Black Cat** or **the Company**) and its controlled entity (**Group**) for the half-year ended 31 December 2022.

DIRECTORS

The following persons were Directors of Black Cat during the whole of the period and up to the date of this report, (unless otherwise stated):

Paul Chapman	(Non-Executive Chairman)
Gareth Solly	(Managing Director)
Les Davis	(Non-Executive Director)
Philip Crutchfield	(Non-Executive Director)
Tony Polglase	(Non-Executive Director)

COMPANY SECRETARIES

Mark Pitts
Dan Travers

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial period were minerals exploration and resource project development at the Coyote Gold Operation ("Coyote"), the Paulsens Gold Operation ("Paulsens") and the Kal East Gold Project ("Kal East") in Western Australia. There were no significant changes in these activities during the financial period.

REVIEW OF OPERATIONS

Operations during the reporting period were primarily focused on gold exploration, resource project development and undertaking economic studies.

The consolidated net loss after income tax for the half-year was $5,662,579 (2021: $1,592,068). Included in the loss for the current period are uncapitalised exploration costs, and support costs associated with exploration activities amounting to $2,367,388 (excluding employee costs), and a benefit recognised on present value adjustment to a deferred consideration loan of $602,120.

During the period income of $1,017,614 (2021: $nil) was derived from third party use of the Coyote and Paulsens accommodation camps. Other costs incurred during the period included camp rental costs of $450,879 (2021: $nil) and care and maintenance costs of $540,259 (2021:$nil).

Net cash outflows from operating activities for the period amount to $2,334,319 (2021: $1,519,225) after recognising receipts for camp rental income of $909,725 (2021: $nil).

At the end of the half-year the Group had $5,119,455 in cash and at call deposits (30 June 2022: $18,172,023). Capitalised mineral exploration and evaluation expenditure (including acquisition costs) is $99,823,872 (30 June 2022: $92,508,166) with the movement for the period relating to exploration activities at Coyote, Paulsens and Kal East.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company and Group during or since the end of the financial period.

Directors' Report

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Subsequent to the end of the financial period the Company:

- issued a total of 42,087,500 ordinary fully paid shares at $0.40 per share pursuant to a share placement;
- issued a total of 7,525,278 ordinary fully paid shares on the exercise of options at $0.20 each;
- issued a total of 1,500,000 ordinary fully paid shares at $0.30 per share to Duketon Mining Ltd in consideration for the acquisition of exploration assets;
- cancelled a total of 1,710,000 employee options and 346,429 performance rights on cessation of employment with the Group;
- issued a total of 1,835,000 employee options and 884,164 performance rights pursuant to the terms of the Company's Incentive Option Plan;
- appointed Mr David Lim as Chief Financial Officer effective 1 March 2023, following the resignation of Mr David Sanders from the position.

Other than the above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

Signed at Perth this 15th day of March 2023.

Gareth Solly
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Black Cat Syndicate Limited for the half year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

Crowe Perth

Sean McGurk
Partner

Signed at Perth, 15 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2022

	Note	31 December 2022 $	31 December 2021 $
Other income	5	**1,621,303**	-
Interest income		**35,397**	11,780
Other income		**1,656,700**	11,780
Employee costs	6	**(2,847,061)**	(840,962)
Equity based remuneration	13	**(302,391)**	(242,143)
Loss on disposal of assets		**-**	(1,188)
Depreciation and amortisation	5	**(173,860)**	(41,605)
Administration and other expenses		**(621,485)**	(490,518)
Camp rental costs		**(450,879)**	-
Care and maintenance expenses		**(540,259)**	-
Interest expense		**(8,710)**	-
(Losses)/Gains on foreign exchange		**(7,246)**	12,568
Exploration costs expensed		**(2,367,388)**	-
Loss before income tax		**(5,662,579)**	(1,592,068)
Income tax benefit/(expense)		**-**	-
Loss for the half-year		**(5,662,579)**	(1,592,068)
Other comprehensive income		**-**	-
Total comprehensive income for the period		**(5,662,579)**	(1,592,068)
Loss per share			
Basic loss per share (cents)		**(2.6)**	(1.1)
Diluted loss per share (cents)		**(2.6)**	(1.1)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 31 December 2022

	Note	31 December 2022 $	30 June 2022 $
Current assets			
Cash and cash equivalents		**5,119,455**	18,172,023
Trade and other receivables		**1,406,368**	466,256
Inventory		**380,784**	491,329
Total current assets		**6,906,607**	19,129,608
Non-current assets			
Bonds and deposits		**65,225**	64,920
Right of use assets		**94,451**	127,787
Property, plant and equipment	14	**6,641,373**	6,283,817
Capitalised mineral exploration and evaluation expenditure	7	**99,823,872**	92,508,166
Total non-current assets		**106,624,921**	98,984,690
Total assets		**113,531,528**	118,114,298
Current liabilities			
Trade and other payables		**2,763,194**	1,688,373
Employee entitlements		**435,495**	380,026
Lease liabilities		**74,768**	68,244
Loan – acquisition consideration	15	**5,000,000**	15,000,000
Total current liabilities		**8,273,457**	17,136,643
Non-current liabilities			
Lease liabilities		**27,315**	64,118
Deferred acquisition consideration	15	**9,397,880**	-
Rehabilitation provision	16	**21,945,961**	21,945,961
Total non-current liabilities		**31,371,156**	22,010,079
Total liabilities		**39,644,613**	39,146,722
Net assets		**73,886,915**	78,967,576
Equity			
Issued capital	11	**87,067,339**	86,787,812
Accumulated losses		**(14,987,815)**	(9,325,236)
Share based payments reserve		**1,807,391**	1,505,000
Total equity		**73,886,915**	78,967,576

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2022

	Issued Capital $	Accumulated Losses $	Share Based Payments Reserve $	Total $
Half-year ended 31 December 2021				
Balance at the start of the financial period	50,435,467	(5,573,706)	1,296,105	46,157,866
Comprehensive loss for the financial period	-	(1,592,068)	-	(1,592,068)
Share issued (net of costs)	-	-	-	-
Movement in share-based payments reserve in respect of options vested	-	-	242,143	242,143
Balance at the end of the financial period	50,435,467	(7,165,774)	1,538,248	44,807,941
Half-year ended 31 December 2022				
Balance at the start of the financial period	**86,787,812**	**(9,325,236)**	**1,505,000**	**78,967,576**
Comprehensive loss for the financial period	**-**	**(5,662,579)**	**-**	**(5,662,579)**
Share issued (net of costs)	**279,527**	**-**	**-**	**279,527**
Movement in share-based payments reserve in respect of options vested	**-**	**-**	**302,391**	**302,391**
Balance at the end of the financial period	**87,067,339**	**(14,987,815)**	**1,807,391**	**73,886,915**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2022

	Note	**31 December 2022 $**	31 December 2021 $
Cash flows from operating activities			
Camp rental income		**909,725**	-
Other income		**1,569**	-
Interest paid		**(8,710)**	(3,477)
Interest received		**35,397**	11,780
Payments to suppliers and employees		**(3,272,300)**	(1,527,528)
Net cash (used in) operating activities		**(2,334,319)**	(1,519,225)
Cash flows from investing activities			
Proceeds on disposal of assets		**-**	1,180
Payments for property, plant and equipment		**(573,269)**	(2,452,559)
Payments for project acquisitions		**-**	(38,043)
Payments for exploration costs		**(10,243,811)**	(6,250,531)
Proceeds from exploration grants received		**104,831**	-
Net cash (used in) investing activities		**(10,712,249)**	(8,739,953)
Cash flows from financing activities			
Payments for financing repayments		**(204,206)**	(110,384)
Payments for lease liability repayments		**(30,279)**	(28,980)
Proceeds from the issue of shares		**281,000**	-
Payments for costs associated with issues of shares		**(45,269)**	-
Net cash provided by/(used in) financing activities		**1,246**	(139,364)
Net decrease in cash held		**(13,045,322)**	(10,398,542)
Cash at the beginning of the period		**18,172,023**	16,049,091
Effect of foreign exchange on cash assets		**(7,246)**	12,568
Cash at the end of the period		**5,119,455**	5,663,117

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Interim Financial Statements
For the half-year ended 31 December 2022

Note 1 Basis of preparation of half-year report

Statement of compliance

The half-year consolidated financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include all the disclosures and notes of the type normally included in an annual financial report and shall be read in conjunction with the 30 June 2022 annual financial statements and any public announcements made by Black Cat during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

These accounting policies are consistent with those previously disclosed in the 30 June 2022 annual financial statements unless otherwise stated.

The half-year financial report was approved by the Board of Directors on 15 March 2023.

New or amended Accounting Standards and Interpretations Adopted

New and amended Accounting Standards and Interpretations applied for the first time from 1 January 2022 did not have a significant impact on the consolidated financial statements of the Group. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. As at 31 December 2022, the Group had total current assets of $6,906,607 and total current liabilities amounting to $8,273,457.

Subsequent to the end of the financial period, the Company raised a total of $16.8 million (before costs) from a share placement to sophisticated and institutional investors and received a further $1.5 million on the exercise of options, following which the Company considers that sufficient funds are available to meet minimum operational and regulatory spend requirements.

The Directors will continue to undertake the Group’s activities with regards to the availability of current and future funding. The Directors reasonably expect that the Company will be able to raise sufficient capital to meet the Group’s funding requirements, and that the Group will be able to settle debts as and when they become due and payable.

Estimation uncertainty and accounting policy judgements

The preparation of financial statements in conformity with Australian equivalents to International Financial Reporting Standards (AIFRS) requires management to make estimates and assumptions and accounting policy judgements that may affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the period.

Notes to the Interim Financial Statements
For the half-year ended 31 December 2022

Note 1 Basis of preparation of half-year report (Cont)

The Group's management reviews these estimates and underlying assumptions on an ongoing basis. Estimates are based on historical experience and other factors, including the expectation of future events considered to be reasonable under the circumstances. However, actual results may differ from these estimates. Revisions to accounting estimates are recognised prospectively in the period in which the estimates are revised, and any future periods affected.

The sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

Mineral Ore Reserve and Resource estimates

The Group estimates its Ore Reserves and Mineral Resources based on information compiled by Qualified Persons as defined in accordance with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code'). Ore Reserves are used in impairment assessment and for forecasting the timing of settlement of decommissioning and restoration costs. There are numerous uncertainties inherent in estimating Ore Reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs or recovery rates could have a material effect on the future of the Group's financial position and results of operation.

Decommissioning and restoration provisions

Accounting for restoration provisions requires management to make estimates of the future costs the Group will incur to complete the restoration and remediation work required to comply with its permits, existing laws and regulations. Actual costs incurred may differ from those amounts estimated. In addition, future changes to environmental laws and regulations could increase the extent of restoration work required to be performed by the Group. Increases in future costs could materially impact the provision for decommissioning and restoration. The provision represents management's best estimate of the present value of the future decommissioning, restoration and remediation costs.

Note 2 Significant Accounting Policies

Areas of accounting policy judgment are as follows:

a. *Impairment review*

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, production budgets and forecasts, and life of-mine estimates. This would include an assessment of any significant declines in the market value of the Company's share price and changes in the quantity and grade of the recoverable reserves, commodity prices, capital costs, operating costs and foreign exchange and interest rates. In undertaking this evaluation, management is required to make significant judgements and if impairment indicators are identified, impairment testing will be necessary.

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Notes to the Interim Financial Statements
For the half-year ended 31 December 2022

Note 2 Significant Accounting Policies (Cont)

b. Accounting for capitalised exploration and evaluation expenditure

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets. Exploration expenditures relate to the acquisition of mineral interests and the subsequent search for deposits with economic potential, detailed assessment of deposits or other projects that have been identified as having economic potential.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, exploration and evaluation assets are reclassified to mineral properties and mine development costs and are carried at cost until the properties to which the expenditures relate are sold, abandoned or determined by management to be impaired in value.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, including: the extent to which mineral reserves or mineral resources as defined in The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') have been identified through a feasibility study or similar document; the results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study; the status of environmental permits; and the status of mining leases or other development permits

c. Provision for decommissioning and restoration

Future obligations to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognised and recorded as a liability based on estimated future cash flows discounted at a risk free rate. The restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows, the inflation rate and the risk-free discount rate.

The restoration provision is accreted to full value over time through periodic charges to income. The amount of the restoration provision initially recognised is capitalised as part of the related asset's carrying value and amortized to earnings. The method of amortization follows that of the underlying asset. The costs related to a restoration provision are only capitalised to the extent that the amount meets the definition of an asset and can bring about future economic benefit. A revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the related asset.

d. Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date.

Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Notes to the Interim Financial Statements
For the half-year ended 31 December 2022

Note 2 Significant Accounting Policies (Cont)

e. Impairment of Assets

Management assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Cash-generating units are individual operating mines or exploration and development projects. The recoverable amount is the higher of an assets or CGU's fair value less cost of disposal and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing fair value less costs of disposal, fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. For mining assets fair value less costs of disposal is typically estimated using a discounted cash flow approach. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

Where an impairment in value subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Impairment assessments require the use of estimates and assumptions which are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of the assets/CGUs and any related impairment charge.

Note 3 Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group's sole activity is mineral exploration and resource development wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.

Note 4 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2021 or 31 December 2022.

Notes to the Interim Financial Statements
For the half year ended 31 December 2022

Note 5 Results for period

The loss for the period includes the following specific items:

	Period to 31 December 2022	Period to 31 December 2021
	$	$
Other income:		
Present value adjustment benefit (Note 15)	**602,120**	
Camp rental income[1]	**1,017,614**	-
Sundry income	**1,569**	-
	1,621,303	-
Depreciation and amortisation:		
Depreciation of property, plant and equipment (note 14)	**140,524**	8,269
Amortisation of right of use assets	**33,336**	33,336
	173,860	41,605

[1]Income generated from the rent of camp facilities to third parties.

Note 6 Employee costs

Employee costs of $2,847,061 (2021: $840,962) are inclusive of fees, salaries, superannuation and other employee related expenses (excluding share-based remuneration of $302,391), and are stated after an allocation to capitalised exploration of $985,247 (2021: $1,017,936).

Employee costs reported in the statement of profit or loss comprise costs incurred in respect various activities, as follows:

	Period to 31 December 2022	Period to 31 December 2021
	$	$
Corporate and administration	**1,733,353**	840,962
Care and maintenance	**167,350**	-
Exploration and support costs	**946,358**	-
Total employee costs	**2,847,061**	840,962

Notes to the Interim Financial Statements
For the half year ended 31 December 2022

Note 7 Capitalised mineral exploration and evaluation expenditure

	Period to 31 December 2022 $	Period to 31 December 2021 $
Balance at 1 July	**92,508,166**	29,124,255
Acquisition of exploration assets	**450,000[1]**	38,043
Capitalised costs for the period	**6,865,706**	6,019,283
Balance at 31 December	**99,823,872**	35,181,581

Grants receivable in relation to undertaking exploration activities reduce the asset or expense recognised in respect of the relevant activity.

[1] During the financial period the Company recognised an amount of $450,000, being settled by the issue of 1,500,000 shares at $0.30 per share subsequent to the end of the financial period, in consideration for the acquisition of exploration assets near the Company's Coyote Gold Operation.

Note 8 Contingencies

On 15 November 2022, the Company, through oversight, was found to have not met its obligation to rehabilitate drill sites within six months on two tenements. On becoming aware of the matter, the Company took immediate action to rehabilitate the drill sites, and provided confirmation of the completion of the requested rehabilitation activities on 9 February 2023.

The Company is awaiting a determination on the matter by the Department of Mines Industry Regulation and Safety (DMIRS). Based on correspondence with its advisers, the Company expects that a financial penalty may be incurred in respect of the matter. The Company expects any financial penalty assessed by DMIRS (if any) to be minor given the Company's responsiveness and action upon receipt of the notice from DMIRS.

Other than the above, there has been no material change to the contingent assets or liabilities since 30 June 2022.

Note 9 Commitments

There has been no material change to commitments since 30 June 2022.

Notes to the Interim Financial Statements
For the half year ended 31 December 2022

Note 10 Events occurring after the reporting date

Subsequent to the end of the financial period the Company:

- issued a total of 42,087,500 ordinary fully paid shares at $0.40 per share pursuant to a share placement;
- issued a total of 7,525,278 ordinary fully paid shares on the exercise of options at $0.20 each;
- issued a total of 1,500,000 ordinary fully paid shares at $0.30 per share to Duketon Mining Ltd in consideration for the acquisition of exploration assets;
- cancelled a total of 1,710,000 employee options and 346,429 performance rights on cessation of employment with the Group;
- issued a total of 1,835,000 employee options and 884,164 performance rights pursuant to the terms of the Company's Incentive Option Plan;
- appointed Mr David Lim as Chief Financial Officer effective 1 March 2023, following the resignation of Mr David Sanders from the position.

Other than the above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Note 11 Issued capital

	Issue price	**31 Dec 2022 No.**	**31 Dec 2022 $**	31 Dec 2021 No.	31 Dec 2021 $
Share movements during the period					
Balance at 1 July		**213,634,175**	**86,787,812**	140,807,811	50,435,467
Share issued on exercise of options[1]	*$0.20*	**1,405,000**	**281,000**	-	-
Less share issue costs		**-**	**(1,473)**	-	-
Balance at 31 December		**215,039,175**	**87,067,339**	140,807,811	50,435,467

[1]Shares issued on the exercise of options (refer note 12).

Notes to the Interim Financial Statements
For the half year ended 31 December 2022

Note 12 Options and Performance Rights

During the current and comparative financial period the following movements in options and rights over unissued shares occurred:

	31 December 2022 No.	31 December 2021 No.
Options/rights on issue at 1 July	**14,677,147**	**13,283,147**
Options/rights exercised[1]	**(1,405,000)**	**-**
Options/rights issued to employees pursuant to the Company's Incentive Option Plan or with shareholder approval *(note 13)*	**6,552,173**	**1,719,000**
Options/Rights on issue at the start of the financial period	**19,824,320**	**15,002,147**

[1] Options exercisable at $0.20 each and expiring 17 January 2023 exercised during the prior period (refer note 11).

Note 13 Share based payments

1,298,000 options issued to employees during the period *(refer Note 12)*, vest on grant and have been valued using the Black Scholes option valuation model using the following inputs:

Number of Options Issued	1,298,000
Share price at grant date (5-day VWAP)	$0.342
Exercise price	$0.51
Grant date	29 Jul 2022
Expiry date	28 Jul 2026
Risk free rate	2.98%
Volatility	60.9%
Fair value of options issued	**$168,900**

5,254,173 performance rights issued to employees and officers during the period *(refer Note 12)* subject to a number of performance-based vesting conditions have been valued using the following inputs:

Notes to the Interim Financial Statements
For the half year ended 31 December 2022

Note 13 Share based payments (Cont)

Number of Rights Issued	4,198,389	1,055,784
Share price at grant date (5-day VWAP)	$0.303	$0.325
Assumed probability of exercise	100%	100%
Grant date	29 Jul 2022	25 Nov 2022
Expiry date	30 Jun 2027	30 Jun 2027
Vesting Period	60 months	55 months
Total fair value of rights issued[1]	**$1,272,500**	**$343,254**

[1] Fair value allocated over the relevant vesting period.

Total option and performance rights vesting expense recognised during the reporting period is as follows:

	Vesting expense for period ($)
Options (expiring 28 July 2026)	$168,900
Performance Rights (issued July 2022)	$127,250
Performance Rights (issued November 2022)	$6,241
Total	**$302,391**

Notes to the Interim Financial Statements
For the half year ended 31 December 2022

Note 14 Property, plant and equipment

	Motor Vehicles and Field Equipment $	Office Equipment $	Mill capital $	Total $
Cost at 1 July 2022	824,955	56,538	5,490,378	6,371,871
Additions	754,454	-	31,022	785,476
Transfers	210,711	-	(210,711)	-
Disposed	-	-	(287,396)	(287,396)
Cost at 31 December 2022	**1,790,120**	**56,538**	**5,023,293**	**6,869,951**
Accumulated depreciation at the start of the financial year	(58,500)	(29,554)	-	(88,054)
Depreciation expense at 1 July 2022	(132,130)	(8,394)	-	(140,524)
Depreciation on assets disposed	-	-	-	-
Accumulated depreciation at 31 December 2022	**190,630**	**37,948**	**-**	**228,578**
Net book value at 1 July 2022	766,455	26,984	5,490,378	6,283,817
Net book value at 31 December 2022	**1,599,490**	**18,590**	**5,023,293**	**6,641,373**

No items of property, plant and equipment have been pledged as security by the Group.

Mill Capital relates to acquisition and related costs relating to mill and associated infrastructure acquired in respect of the Group's Kal East Gold Project proposed processing plant.

Note 15 Deferred Acquisition Consideration

	31 December 2022 No.	31 December 2021 No.
Loan balance at 1 July (at present value)	**14,397,880**	-
Interest accrued	**-**	-
	14,397,880	-
Repayable:		
Due within 12 months	**5,000,000**	-
Due after 12 months	**9,397,880**	-
	14,397,880	-

Notes to the Interim Financial Statements
For the half year ended 31 December 2022

Note 15 Deferred Acquisition Consideration (Cont)

The deferred acquisition consideration payable to Northern Star Resources Limited ("Northern Star") is secured over Paulsens and Coyote. Pursuant to the acquisition agreements a total of $15 million was due and payable to Northern Star on or before 30 June 2023.

Subsequent to 30 June 2022, the Company renegotiated repayment terms with Northern Star such that the deferred consideration is payable in three instalments of $5 million each, due for payment on or by 30 June 2023, 30 June 2024 and 30 June 2025. Interest will accrue on the repayments due 30 June 2024 and 30 June 2025 at a fixed rate of 10% per annum from 1 July 2023, with interest payable quarterly in arrears, or capitalised at Northern Star's election.

The amounts due after 12 months have been adjusted to recognise the estimated present value liability, discounted at the RBA 2 year government bond rate of 3.16%. A benefit on recognition of the present value liability amounting to $602,120 for the reporting period has been included in other income (refer Note 5).

Note 16 Rehabilitation Provision

	31 December 2022 No.	31 December 2021 No.
Opening rehabilitation liabilities	**21,945,961**	-
Other movements for the period	**-**	-
	21,945,961	-

The rehabilitation liabilities were initially recognised based on provisional accounting for the acquisition of net assets associated with Coyote and Paulsens.

Note 17 Business Combinations

During the financial year ended 30 June 2022 the Group completed the acquisition of 100% of the Coyote and Paulsens from Northern Star on 15 June 2022.

Coyote

The Company acquired 100% of the issued shares in Black Cat (Coyote) Pty Ltd (formerly Northern Star (Western Tanami) Pty Ltd), which operates Coyote from Northern Star.

Paulsens

The Company, through its wholly owned subsidiary, obtained control of 100% of the legal and beneficial interest in Paulsens from Northern Star.

Acquisition accounting:

The values identified in relation to the acquisition of both Coyote and Paulsens were provisional under AASB 3 Business Combinations as at 30 June 2022.

Notes to the Interim Financial Statements
For the half year ended 31 December 2022

Note 17 Business Combinations (Cont)

The Company has not completed the acquisition accounting procedures as at the date of this report and as such the following details of the acquisition are still presented as provisional under AASB 3 Business Combinations as at 31 December 2022:

	Coyote Fair Value $	**Paulsens Fair Value $**
Inventory	-	146,075
Plant and equipment	534,815	173,869
Exploration – mining rights and mine development assets	1,242,286	917,030
Provision for rehabilitation	(14,774,507)	(7,153,095)
Employee benefit entitlements	(6,075)	(73,474)
Net liabilities acquired	(13,003,481)	(5,989,595)
Exploration and Evaluation Expenditure	36,778,904	14,633,172
Acquisition-date fair value of the total consideration transferred	**23,775,423**	**8,643,577**
Representing:		
Cash consideration paid to vendor	10,634,000	3,866,000
Deferred cash consideration[1]	11,000,689	3,999,311
BC8 shares issued to vendor[2]	2,140,734	778,266
Milestone payments[3]	-	-
	23,775,423	8,643,577
Employee expenses / reduction in recharge	283,966	103,236
Legal and professional	80,995	29,446
Corporate development	66,009	23,998
Administration and other expenses	89,828	32,657
Acquisition costs expensed to profit or loss	520,798	189,337

[1] Deferred cash consideration originally payable by 30 June 2023, Refer to Note 15 for details of the adjusted payment terms.

[2] 6,116,383 ordinary shares for Coyote acquisition and 2,213,237 ordinary shares for Paulsens acquisition, issued on 15 June 2022 at a price of $0.35 per share.

[3] Represents management's best estimate, based on timing and probability of commencement of operations and commercial production.

Directors' Declaration

The Directors of Black Cat Syndicate Limited declare that:

(a) the interim financial statements and notes set out on pages 6 to 21 are in accordance with the Corporations Act 2001, including:

(i) complying with Australian Accounting Standard AASB 134 – *Interim Financial Reporting*, and the Corporations Regulations 2001; and

(ii) give a true and fair view of the financial position as at 31 December 2022 and its performance for the half year ended on that date

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 15th day of March 2023.

Gareth Solly
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF BLACK CAT SYNDICATE LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Black Cat Syndicate Limited and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Black Cat Syndicate Limited and its controlled entities does not comply with the *Corporations Act 2001* including:

a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial*

Reporting and the *Corporations Regulations 2001*. A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Crowe Perth

Crowe Perth

Sean McGurk
Partner

Signed at Perth, 15 March 2023